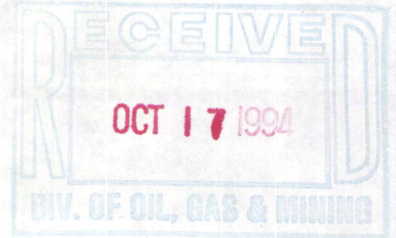


W. Hedberg / M/027/007

JUMBO MINING COMPANY

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DOGM
MINERALS PROGRAM
FILE COPY

October 12, 1994
File: DOG10124

Mr. James W. Carter
Director
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center - Suite 350
Salt Lake City, Utah 84180-1203

Re: Drum Mine--Millard County--M/027/007

Dear Mr. Carter:

Further to my letter to you dated July 22, 1994, in which I promised to advise you of any further developments in the litigation between ASOMA and Western, this is to advise that ASOMA (Utah), Inc. and Jumbo Mining Company filed their Notice of Appeal on September 1, 1994, with respect to the decision rendered by the Colorado trial court in the litigation with Western States Minerals Corporation.

In this appeal, ASOMA and Jumbo have asked the Colorado Court of Appeals to reverse the trial court's decisions, in Phase 1 of the bifurcated trial, to rewrite the contract between ASOMA and Western, and, in Phase 2, to permit ASOMA to present its substantial claims for damages based upon Western's violations of the contract between the parties as it was originally written by Western and executed between the parties.

Western has also filed a notice of appeal regarding the trial court's decision in Phase II to deny to it all damages and expenses which it had claimed in the action. On September 29, 1994 a Consent to Consolidate the Appeals and Designate Western as Appellant was filed, pursuant to Colorado procedures.

As we have pointed out previously, even if the trial court judgment were to survive appeal, the judgment as written does not make Jumbo liable for ground water contamination by Western, or for any other hidden items which were undiscovered by Jumbo as of the date of closing of the purchase contract with Western. These items remain to be resolved between Western and the State of Utah. Meanwhile we retain the firm belief that we do not have any contractual obligation to indemnify Western

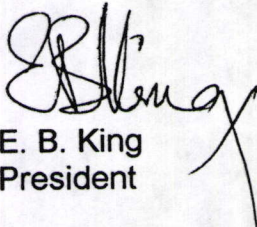
States Minerals Corporation for permit violations (such as destroyed topsoil, etc.) which occurred prior to our purchase of the property, and we are confident that the Colorado Court of Appeals will confirm our position in due course.

Considering all of the above, we suggest that the reclamation bonding status remain as it is, pending final resolution of this matter in the Colorado courts. As the relevant Utah organizations are aware, we are proceeding with the engineering and permitting for contemplated future new operations, and in due course we will be prepared to post additional reclamation bonding for any new disturbances incidental to future operations at the Drum mine.

As always, it remains our intention to act as a fully responsible corporate citizen in the State of Utah, and to take care of any and all reclamation and permitting tasks for which we are responsible.

Thank you for your continued cooperation and understanding on this matter.

Sincerely yours,



E. B. King
President

cc: Rody Cox, BLM Warm Springs RA
Lowell Braxton, DOGM
Bill Richards, Esq. DOGM
Don A. Ostler, DWQ
ZLSamay
DHartshorn